

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Provide Consumer Disclosures and Protect Consumer Options in Life Insurance

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRSA §6808-A, sub-§4 is enacted to read:

4. Life insurer disclosure. With respect to each policy issued by an insurance company, the insurance company shall send written notice to the owner of an individual life insurance policy or a certificate under a group life insurance policy that a settlement contract is an available alternative transaction for the owner when the insured person under the policy is 60 years of age or older or is known to be terminally ill or chronically ill and:

A. A life insurance company receives from the owner a request to surrender, in whole or in part, an individual life insurance policy or a certificate under a group life insurance policy;

B. A life insurance company receives from the owner a request to receive an accelerated death benefit under an individual life insurance policy or a certificate under a group life insurance policy;

C. A life insurance company receives from the owner a request to collaterally assign an individual life insurance policy or a certificate under a group life insurance policy as security for a loan; or

D. A life insurance company sends to the owner a notice of lapse of an individual life insurance policy or a certificate under a group life insurance policy.

An insurance company shall send notice under this subsection at any other time the superintendent may require by rule.

Sec. 2. 24-A MRSA §6812, sub-§6 is enacted to read:

6. Unfair practices. An insurer violates this chapter if the insurer:

A. Prohibits, restricts, limits or impairs a settlement producer from lawfully negotiating a settlement contract on behalf of a viator, aiding and assisting a viator or prospective viator with a settlement contract or otherwise participating in a settlement transaction under this chapter;

B. Engages in or permits any discrimination between individuals of the same class, same policy amount and equal expectation of life in the rates charged for any life insurance policy or annuity contract based upon an individual's having entered into a settlement contract or being insured under a viaticated policy;

C. Makes a false or misleading statement as to the business of a settlement contract or financing premium due for a policy or to a policy owner or insured for the purpose of inducing or intending to induce the policy owner or insured not to enter into a settlement contract; or

D. Engages in a transaction, act, practice or course of business or dealing that restricts, limits or impairs in any way the lawful transfer of ownership, change of beneficiary or assignment of a policy.

SUMMARY

This bill provides disclosure to certain owners of life insurance policies from the insurance company of the availability of viatical settlement contracts.

The bill also describes what constitutes violation of the Viatical and Life Settlements Act by an insurer.